

AR46

Commonwealth Savings & Loan Corporation
Ninth Annual Report. Year ended Dec. 31, 1968





Directors of the company

- * John W. M. Campbell*
R. Robert Easton, Q.C.
Jack L. Edwards
Allan J. Hammond
- * Robert W. Macaulay, Q.C.*
- * Bernard J. Persiko*
C. Stafford Smythe
- * Mark M. Tanz*
- * Leon E. Weinstein*
- * Burton Winberg*

**Members of the Executive Committee*

Officers of the company

Mark M. Tanz, President
Robert W. Macaulay, Q.C., Executive Vice-President
John W. M. Campbell, Vice-President & General Manager
Stanley A. Senn, C.A., Comptroller
Allan C. Rose, Secretary

To the Shareholders

I am pleased to present for your consideration the Annual Report of Commonwealth Savings & Loan Corporation, for the year ending December 31, 1968.

Net income for the year after branch development expenses and depreciation, amounted to \$204,530 or 52¢ per share, as compared to \$53,637 or 14¢ per share in the previous year. However, it is important to note, that the net income for 1968 would have been \$404,530 or \$1.04 per share, if mortgage income had been treated on a basis consistent with previous years (see note 3 to the financial statement).

The significance of this change of policy pertaining to mortgage fees cannot be stressed too strongly, as it provides the company with a continuous and steady income in future years. It is our intention to continue with this policy.

In reviewing the balance sheet, you will note that total deposits exceeded \$27,108,000 at year end as compared with \$24,225,000 in the previous year, representing an increase of 12%. Savings deposits rose from \$12,159,000 to \$14,575,000, for an increase of approximately 20%; and we feel that we can point with justifiable pride that over 5,700 customers opened accounts during the year.

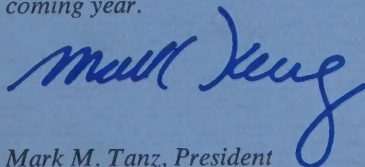
Commonwealth's mortgage portfolio remains in excellent condition, and at the

present time mortgages on residential properties represent about 87% of our total portfolio. In 1968, the company processed 670 new loans for a total value of \$6,370,000, and after repayments of \$3,115,000 during the year, mortgage loans outstanding at year end approximated \$20,863,000.

During 1968 your company maintained its policy of keeping a highly liquid position, and our liquidity ratio as at December 31, 1968 was in excess of 31% - well above the required 20%.

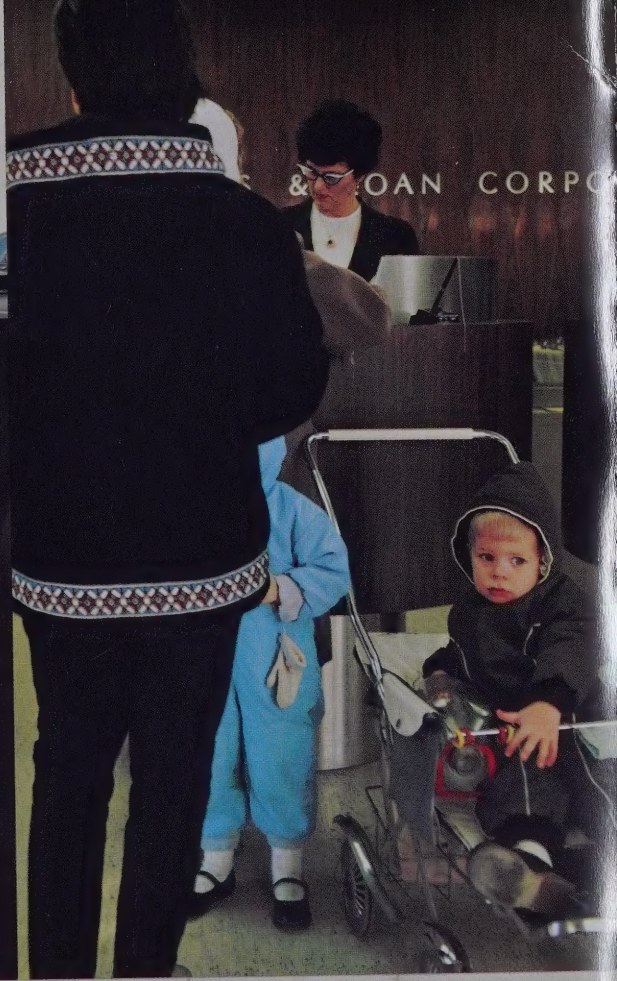
In the month of June, 1968, the Province of Ontario approved an increase in the company's authorized share capital to a total of \$5,000,000, made up of 100,000 preference shares of \$20 each and 600,000 common shares of \$5 par value each. I am also pleased to be able to report, that subsequent to year end, the Province approved our application to increase our borrowing powers to a maximum of 15 times our combined capital, surplus, and reserves.

This report records the progress of your company during the ninth year of its operation. In 1969, we intend to continue to introduce additional services throughout our branches, in order to be able to serve more people, in more ways, in the years ahead. After reviewing the enclosed statements, I feel satisfied you will share the optimism with which your Board of Directors looks forward to the coming year.



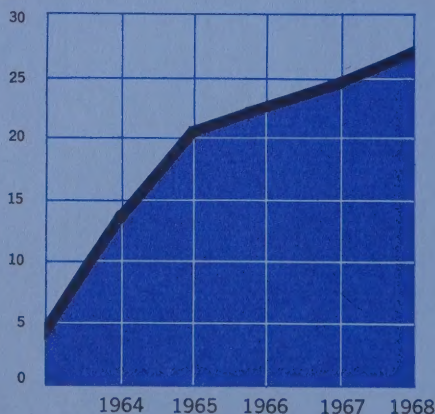
Mark M. Tanz, President





Financial Highlights

MILLIONS OF DOLLARS TOTAL DEPOSITS



Cash and Securities

Mortgages and Loans

Shareholders' Equity

Savings and Chequing Deposits

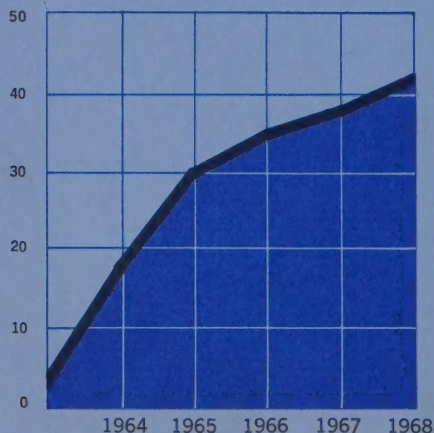
Term Deposits

Debentures

Branch Development Expenses

Number of Depositors

THOUSANDS NUMBER OF DEPOSITORS



Income from Operations

Dividends to Shareholders

TOTAL ASSETS

Savings & Loan Corporation

1968	1967	1966	1965	1964
\$ 8,134,279	\$ 7,918,783	\$ 7,345,220	\$ 7,211,010	\$ 5,101,409
20,973,659	17,726,042	17,027,589	15,774,487	9,165,228
2,653,433	2,541,555	2,561,684	2,568,512	1,786,922
20,414,946	17,998,589	17,076,270	15,396,269	8,487,330
292,409	606,344	431,203	1,653,554	1,372,384
6,400,912	5,619,959	4,386,799	3,749,291	3,518,373
117,774	17,000	76,000	289,000	311,000
41,539	37,264	35,267	30,391	18,770
322,304	70,637	166,451	136,275	130,560
97,372	97,286	97,279	87,154	62,525
\$30,492,512	\$27,304,526	\$26,021,857	\$24,500,884	\$15,218,088

Commonwealth Savings

Balance Sheet December 31, 1968

Assets

	1968	1967
Cash and bank deposit receipts	\$ 1,901,797	\$ 2,628,986
Securities (Note 1)		
Bonds:		
Government of Canada	2,547,740	1,975,253
Provinces of Canada	1,304,105	867,893
Canadian municipalities	936,188	919,334
Canadian corporations	139,171	—
Term notes due 1969 to 1971	345,555	360,582
Stocks	959,723	1,166,735
Total cash, deposit receipts and securities	\$ 8,134,279	\$ 7,918,783
Loans secured by bonds and stocks	110,451	72,578
Mortgages, less allowance	20,863,208	17,653,464
Real estate held for sale and investment	36,806	263,132
Office premises, at cost less accumulated depreciation (Note 2)	1,242,741	1,275,340
Accounts receivable and sundry items	105,027	121,229
	<u>\$30,492,512</u>	<u>\$27,304,526</u>

The accompanying notes form an integral part of these financial statements

Auditor's Report

To the Shareholders of Commonwealth Savings & Loan Corporation

We have examined the balance sheet of Commonwealth Savings & Loan Corporation of the accounting procedures and such tests of accounting records and other data as we considered necessary. In 1968, as explained in note 3, the company changed its method of accounting for certain assets.

In our opinion, the accompanying balance sheet presents fairly the financial position of the company as at December 31, 1968.

Toronto, Canada

February 7, 1969

& Loan Corporation

Liabilities

	1968	1967
Savings and chequing deposits	\$20,414,946	\$17,998,589
Term deposits	292,409	606,344
Debentures	6,400,912	5,619,959
	<u>\$27,108,267</u>	<u>\$24,224,892</u>
Mortgages on office premises	489,033	505,175
Sundry accounts payable	21,125	10,015
	<u>\$27,618,425</u>	<u>\$24,740,082</u>
Deferred mortgage income (Note 3)	\$ 220,654	\$ 22,889

Shareholders' Equity

Capital stock (Note 4)

Authorized —		
100,000 preference shares, par value \$20 each		
600,000 common shares, par value \$5 each		
Issued and fully paid		
389,798 common shares (1967 — 389,208)	\$ 1,948,990	\$ 1,946,040
Reserve fund	\$ 122,000	\$ 122,000
Unappropriated surplus (Note 5)	582,443	473,515
	<u>\$ 2,653,433</u>	<u>\$ 2,541,555</u>
	<u>\$30,492,512</u>	<u>\$27,304,526</u>

Approved by the Board:

MARK M. TANZ, *President*

JOHN W. M. CAMPBELL, *Vice-President & General Manager*

Report

Our examination as at December 31, 1968. Our examination included a general review of the accounting records and supporting evidence as we considered necessary in the circumstances.

For mortgage fees, with which change we concur.

Our opinion of the company as at December 31, 1968.

Pape, Strom, Sherman & Lavine } Chartered
 Thorne, Gunn, Helliwell & Christenson } Accountants

Statement of Income

for year ended December 31, 1968

	1968	1967
Operating revenue:		
Income from mortgage loans (Note 3)	\$1,665,691	\$1,369,801
Interest and dividends from bonds and stocks	324,083	226,370
Gain on sale of bonds and stocks	19,848	18,796
Interest from deposit receipts	142,320	100,534
Other operating revenue	112,733	87,205
	<u>\$2,264,675</u>	<u>\$1,802,706</u>
Operating expenses:		
Interest on deposits and debentures	\$1,076,261	\$ 873,108
Salaries and employee benefits	440,642	423,497
Other operating expenses	376,148	388,131
Branch development expenses	117,774	17,000
Depreciation	49,320	47,333
	<u>\$2,060,145</u>	<u>\$1,749,069</u>
Net income for the year (Note 6)	<u>\$ 204,530</u>	<u>\$ 53,637</u>

Statement of unappropriated Surplus

for year ended December 31, 1968

	1968	1967
Balance at beginning of year	\$ 473,515	\$ 494,144
Net income for the year	204,530	53,637
Special allowance on mortgages (Note 7)	—	22,720
Premium received during the year on sale of capital stock	1,770	300
	<u>\$ 679,815</u>	<u>\$ 570,801</u>
Dividends	97,372	97,286
Balance at end of year (Note 5)	<u>\$ 582,443</u>	<u>\$ 473,515</u>

Notes to the Financial Statements

for year ended December 31, 1968

1. SECURITIES

Government of Canada bonds, provincial and municipal bonds, corporation bonds and term notes are stated at cost plus accrued interest. Stocks are stated at cost plus accrued revenue and have a market value at December 31, 1968, of approximately \$656,000.

2. OFFICE PREMISES

	1968	1967
Land and buildings	\$1,015,632	\$1,013,832
Furniture, fixtures and equipment	260,395	247,271
Leasehold improvements	159,242	157,247
	<u>\$1,435,269</u>	<u>\$1,418,350</u>
Less accumulated depreciation	192,528	143,010
	<u>\$1,242,741</u>	<u>\$1,275,340</u>

3. MORTGAGE INCOME

In 1968 the company changed its method of accounting for mortgage service fees on conventional mortgages, amortizing the fee over ten years rather than recognizing it all as income in the year the mortgage loan is made. If mortgage service fees had been accounted for on a basis consistent with prior years net income for the year would have been increased by approximately \$200,000.

4. CAPITAL STOCK

During the year the company was granted by an Order in Council approval to increase its authorized capital stock by providing for the creation of 100,000 preference shares with a par value of \$20 each and an increase of 200,000 common shares. Dividend rate, redemption and other terms on the preference shares will be set by the company at the date of issue.

During the year, employees' stock options were exercised on 590 shares for a cash consideration of \$4,720 and options, which expire on various dates up to 1972, were outstanding at December 31, 1968, on 6,490 shares.

5. UNAPPROPRIATED SURPLUS

Included in unappropriated surplus is premium received in the current and prior years on the sale of capital stock of the company amounting to \$1,070,906.

6. NET INCOME FOR THE YEAR

No income taxes are currently payable because of the application of a portion of the loss for tax purposes for 1964 against income of 1968 and there remains a loss carry forward of \$804,000, the tax effect of which has not been recorded.

Included in the loss carry forward are capital cost allowances and mortgage reserves in excess of amounts provided in the accounts of \$146,000 and \$364,000 respectively.

7. SPECIAL ALLOWANCE ON MORTGAGES

In prior years, the company appropriated from surplus \$22,720 as a special allowance on mortgages. In 1967 this allowance was transferred back to unappropriated surplus.

8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers of the company, including the five highest paid employees, amounted to \$67,116 in 1968 and \$62,398 in 1967. No directors' fees were paid during 1968 and 1967.

9. GUARANTEES

The company is contingently liable as guarantor for land rents of \$22,750 per annum, payable by the lessor of one of its branch offices to a third party.

10. LONG-TERM LEASES

The company has entered into leasing agreements for the rental of head office and certain branch premises. These leases which expire on various dates up to 1990 require aggregate rentals of approximately \$813,000. Rents payable during 1969 under these leases aggregate approximately \$67,000.

11. COMPARATIVE STATEMENTS

The 1967 figures have been reclassified to conform to the 1968 presentation.

General Manager's Report

We are happy to report that the year 1968 was one of solid accomplishment for Commonwealth. In the middle of a tight economy that has all financial institutions fighting for deposit dollars, our deposits showed exceptionally strong gains in 1968, and every other income producing category of our business reached historical peaks, thus registering a continuing growth pattern interwoven with operating efficiency.

It is significant, we feel, to point out that during the year our active accounts rose to 41,539, thereby substantially broadening the base of our deposit structure. By attracting a larger number of depositors, this structure becomes far less vulnerable to the withdrawal of large amounts and creates a more stable and dependable deposit balance for investment planning. All of this was made possible by a superb staff of people dedicated to producing the finest financial service.

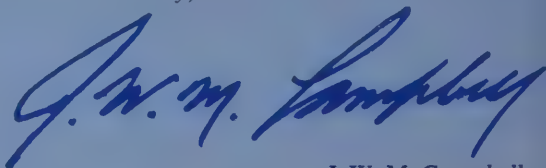
It is our belief that we must continue to be market-oriented and that our services must be tailored to meet the ever changing needs and desires of our customers. This activity is directed toward one primary objective—to expand and develop new services to better

serve the customers of our trading area coupled with the creation of business for Commonwealth that can be conducted at a profit. Some of these new services, were introduced during the year, others are expected to be brought into the stream during the ensuing months.

We are pleased to confirm the results which our staff and the assets entrusted to their care produce for the community—a significant contribution in our growing trade area in the Province of Ontario. We are pledged to and will strive to create a dynamic and full service financial approach to meet the sound needs of our community. Commonwealth's performance, the details of which are recorded in this report, is an historical document which reflects a positive gauge of future growth.

The preceding pages portray the story of progress at Commonwealth Savings & Loan Corporation during the year 1968. Individual members of our entire staff, the Directors, the shareholders, plus the continued confidence of our customers and friends tell the aggressive story of an exciting and profitable year.

We say, "Thank You".

A large, stylized handwritten signature in dark ink, reading "J. W. M. Campbell". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

J. W. M. Campbell,
Vice-President & General Manager



Branches

J. C. Merritt, Manager

6 Second Street East

Cornwall, Ontario

Phone 933-1433

W. G. Belyea, Manager

94 Princess Street

Kingston, Ontario

Phone 542-2837

R. J. Acres, Manager

150 Sparks Street

Ottawa, Ontario

Phone 236-7121

J. DiLuca, Manager

558 Bloor Street West

Toronto, Ontario

Phone 534-9211

J. M. Morton, Manager

1064 Eglinton Avenue West

Toronto, Ontario

Phone 789-2933

J. I. Davidson, Manager

2913 Lakeshore Blvd. West

Toronto, Ontario

Phone 259-2351

C. D. Cameron, Manager

1468 Queen Street West

Toronto, Ontario

Phone 531-9908

R. W. Defoe, Manager

600 Ouellette Avenue

Windsor, Ontario

Phone 252-7268

Executive Offices

109 Vanderhoof Ave.

Toronto 17, Canada

Phone 421-8420

Commonwealth Savings & Loan Corporation

AR46

NOTICE IS HEREBY GIVEN

That the 9th Annual General Meeting of the Shareholders of Commonwealth Savings and Loan Corporation will be held in the York Room, The King Edward Hotel, Toronto, Ontario on Thursday, the Third day of April, 1969, at the hour of 11:00 a.m., for the purposes of:

- (1) receiving the Report of the Directors of the Company and considering the financial statements of the Company for the fiscal year ended December 31, 1968;
- (2) considering and, if thought fit, adopting and ratifying with or without amendment, proposed By-law No. 27 to provide a new general By-law which would consolidate the existing general By-law and amendments thereto;
- (3) election of Directors;
- (4) fixing the remuneration of Directors;
- (5) appointment of Auditors;
- (6) transacting such other business as is proper at such meeting, or any adjournment thereof;

Dated at Toronto, Ontario, 3rd day of March, 1969.

By order of the Board of Directors,

ALLAN C. ROSE, Q.C.

Secretary

Shareholders who are unable to attend the meeting in person are requested to date, sign and return the enclosed form of Proxy, in the self-addressed envelope provided. An information circular accompanies this notice.

Commonwealth Savings & Loan Corporation

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Commonwealth Savings and Loan Corporation (the Company) of proxies to be used at the Annual General Meeting of Shareholders of the Company to be held at the time and place and for the purposes set forth in the notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Company. A Shareholder desiring to appoint some other person to represent him at the meeting may do so by inserting such person's name in the blank space provided in the form of proxy and striking out the names of the three specified persons, or by completing another proper form of proxy and, in either case, mailing or delivering the completed proxy to the Secretary of the Company in time for use at the meeting. A person appointed as a proxy need not himself be a shareholder of the Company.

A shareholder who has given a proxy may revoke it either (1) by signing a proxy bearing a later date, or (2) by signing written notice or revocation. To be effective, evidence of revocation must be received by the Secretary or Chairman of the Company at the meeting before a vote shall have been cast pursuant to the authority conferred by such proxy.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted for (1) approval of the Directors' Report and Financial Statements, (2) adoption and ratification of By-law No. 27, (3) the election of Directors and fixing their remuneration, and (4) the appointment of Auditors, all as stated in this circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES

On December 31, 1968, the Company had outstanding 389,798 common shares of the par value of \$5.00 each, each carrying the right to one vote per share. To the knowledge of the Directors or Senior Officers of the Company, the only persons or corporations who beneficially own directly or indirectly, more than 10% of the shares in the capital stock of the company are: Mark M. Tanz owns directly or indirectly 199,006 shares, representing 51.1% of the outstanding shares of the Company.

George S. Mann owns directly or indirectly 50,954 shares, representing 13.07% of the outstanding shares of the Company.

There is no record date for determining the holders of shares who may vote at the meeting and all persons who are or who represent common shareholders of the Company at the time of the meeting will be entitled to vote.

PARTICULARS OF MATTERS TO BE ACTED UPON

By-law No. 1 of the By-laws of the Company has been amended on numerous occasions since its enactment in 1959 and no consolidation of the said By-law has occurred in the intervening period:

It was deemed desirable to revise and up-date the said By-law as affects the general affairs of the Company. This revision is referred to as By-law No. 27. The important amendments deal with: Appointment of certain officers to authenticate the seal of the Company and sign on behalf of the Company, powers and duties of the Directors, Officers and Executive Committee, Notices of Shareholders' meetings and special general meetings of Shareholders.

By-law No. 27 briefly described in the foregoing paragraphs of this section will be submitted for adoption and ratification at the meeting.

ELECTION OF DIRECTORS

Under the By-laws of the Company, Directors are elected to hold office for one year. The persons named in the enclosed form of proxy intend to vote for the election as Directors of the nominees whose names are set forth below in Section (1), all of whom are now members of the Board of Directors and have been since the dates indicated and whose term of office expires at the Annual General Meeting to be held Thursday, April 3rd, 1969 or at such time as their successors are duly elected.

Management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next Annual General Meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the By-laws of the Company.

The following tables and notes thereto state the names of all persons proposed to be nominated for election as Directors. All other positions and offices with the Company now held by them, their principal occupations or employments, the year in which they became Directors of the Company and the approximate number of common shares of the Company beneficially owned directly or indirectly by each of them, as of December 31, 1968.

(1) Directors whose Term of Office Expires at the Annual General Meeting to be held Thursday, April 3, 1969.	Became Common Director	Shares
John W. M. Campbell, Toronto, is a Vice-President and General Manager of the Company	1966	100
R. Robert Easton, Q.C., Windsor, is a Barrister and Solicitor	1967	500
Jack L. Edwards, Kingston, is President of J. L. Edwards Motor Sales Limited, Kingston	1968	100
Allan J. Hammond, Ottawa, is a Governor of Algonquin College and was formerly a high school principal	1966	6,573
Robert W. Macaulay, Q.C., Toronto, Executive Vice-President of the Company, is a partner in the law firm of Thomson, Rogers	1964	3,801
Bernard J. Persiko, Toronto, is a partner in the law firm of Rose, Persiko & Arnold	1963	3,000
C. Stafford Smythe, Toronto, is President of Maple Leaf Gardens Limited	1964	120
Mark M. Tanz, Toronto, is President of the Company	1963	199,006
Leon E. Weinstein, Toronto, is President of Loblaw Groceterias Company Limited	1963	2,693
Burton Winberg, Toronto, is a company Executive	1963	5,486

Notes: (1) The information as to common shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective Directors individually.

(2) The principal occupation, within the five preceding years, of each Director has been the present principal occupation listed or a senior executive position with the respective company listed.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

- (1) Aggregate direct remuneration paid or payable by the Company in its fiscal year ended December 31, 1968 to the Directors and Senior Officers of the Company \$67,116.00
- (2) Estimated aggregate cost to the Company in its fiscal year ended December 31, 1968 of all pension or retirement benefits to be paid to the Directors and Senior Officers of the Company under any existing plans in the event of retirement at normal retirement age \$ 2,000.00
- (3) During the fiscal year ended December 31, 1968, two of the Senior Officers of the Company purchased common shares of the Company pursuant to stock options granted to them by the Company as follows: 200 shares at \$8.00 per share. The price range on the Toronto Stock Exchange was \$7.50 - \$8.00 per share at that time.
- (4) During the fiscal year ended December 31, 1968, one of the Senior Officers of the Company was indebted to the Company by way of a secured demand loan exceeding \$5,000. The loan was granted in the ordinary course of the Company's business on terms no more favourable than those available to any full-time employee of the Company at the time it was granted.

	Maximum Amount Out- standing during the year	Amount Out- standing at December 31, 1968	Rates of Interest Charged
Borrower			
John W. M. Campbell	\$9,900.00	\$8,700.00	6% P.A.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Pape, Strom, Sherman & Lavine, Chartered Accountants and Thorne, Gunn, Helliwell & Christenson, Chartered Accountants, to hold office until the next Annual General Meeting of Shareholders. Messrs. Pape, Strom, Sherman & Lavine and Thorne, Gunn, Helliwell & Christenson have been auditors of the Company for more than five years.

GENERAL

The information contained herein is given as of March 3, 1969. The management of the Company knows of no matters to come before the said Meeting other than the matters referred to in the Notice of the said Meeting. However, if any other matters which are not now known to the management of the Company should properly come before the said Meeting, forms of proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgment of the persons voting the proxy.